

HOUSE BILL No. 2635

By Committee on Insurance

2-11

1 AN ACT concerning insurance; relating to lines of insurance and reporting
2 requirements; requiring pre-need funeral insurance agents to obtain
3 continuing education courses; amending K.S.A. 2013 Supp. 40-4903
4 and repealing the existing section.
5

6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2013 Supp. 40-4903 is hereby amended to read as
8 follows: 40-4903.(a) Unless denied licensure pursuant to K.S.A. 2013
9 Supp. 40-4909, and amendments thereto, any person who meets the
10 requirements of K.S.A. 2013 Supp. 40-4905, and amendments thereto,
11 shall be issued an insurance agent license. An insurance agent may receive
12 qualifications for a license in one or more of the following lines of
13 authority:

14 (1) Life — insurance coverage on human lives including benefits of
15 endowment and annuities, and may include benefits in the event of death
16 or dismemberment by accident and benefits for disability income.

17 (2) Accident and health or sickness — insurance coverage for
18 sickness, bodily injury or accidental death and may include benefits for
19 disability income.

20 (3) Property — insurance coverage for the direct or consequential
21 loss or damage to property of every kind.

22 (4) Casualty — insurance coverage against legal liability, including
23 that for death, injury or disability or damage to real or personal property.

24 (5) Variable life and variable annuity products — insurance coverage
25 provided under variable life insurance contracts, variable annuities or any
26 other life insurance or annuity product that reflects the investment
27 experience of a separate account.

28 (6) Personal lines — property and casualty insurance coverage sold
29 primarily to an individual or family for noncommercial purposes.

30 (7) Credit — limited line credit insurance.

31 (8) Crop insurance — limited line insurance for damage to crops
32 from unfavorable weather conditions, fire, lightning, flood, hail, insect
33 infestation, disease or other yield-reducing conditions or any other peril
34 subsidized by the federal crop insurance corporation, including multi-peril
35 crop insurance.

36 (9) Title insurance — limited line insurance that insures titles to

1 property against loss by reason of defective titles or encumbrances.

2 (10) Travel insurance — limited line insurance for personal risks
3 incidental to planned travel, including, but not limited to:

4 (A) Interruption or cancellation of trip or event;

5 (B) loss of baggage or personal effects;

6 (C) damages to accommodations or rental vehicles; or

7 (D) sickness, accident, disability or death occurring during travel.

8 Travel insurance does not include major medical plans, which provide
9 comprehensive medical protection for travelers with trips lasting six
10 months or longer, for example, persons working overseas including
11 military personnel deployed overseas.

12 (11) Pre-need funeral insurance — limited line insurance that allows
13 for the purchase of a life insurance or annuity contract by or on behalf of
14 the insured solely to fund a pre-need contract or arrangement with a
15 funeral home for specific services.

16 (12) Bail bond insurance — limited line insurance that provides
17 surety for a monetary guarantee that an individual released from jail will
18 be present in court at an appointed time.

19 (13) Any other line of insurance permitted under the provisions of
20 chapter 40 of the Kansas Statutes Annotated, and amendments thereto, and
21 any rules and regulations promulgated thereunder.

22 (b) Unless suspended, revoked or refused renewal pursuant to K.S.A.
23 2013 Supp. 40-4909, and amendments thereto, an insurance agent license
24 shall remain in effect as long as education requirements for resident
25 individual agents are met by such insurance agent's biennial due date.

26 (c) On and after the effective date of this act: (1) Each licensed
27 insurance agent who is an individual and holds a property or casualty
28 qualification, or both, or a personal lines qualification shall biennially
29 obtain a minimum of 12 C.E.C.s in courses certified as property and
30 casualty which shall include at least one hour of instruction in insurance
31 ethics which also may include regulatory compliance. No more than three
32 of the required C.E.C.s shall be in insurance agency management.

33 (2) Each licensed insurance agent who is an individual and holds a
34 life, accident and health, or variable contracts qualification, or any
35 combination thereof, shall biennially complete 12 C.E.C.s in courses
36 certified as life, accident and health, or variable contracts which shall
37 include at least one hour of instruction in insurance ethics which also may
38 include regulatory compliance. No more than three of the required C.E.C.s
39 shall be in insurance agency management.

40 (3) Each licensed insurance agent who is an individual and holds only
41 a crop qualification shall biennially obtain a minimum of two C.E.C.s in
42 courses certified as crop C.E.C.s under the property and casualty category.

43 (4) Each licensed insurance agent who is an individual and is licensed

1 only for title insurance shall biennially obtain a minimum of four C.E.C.s
2 in courses certified by the board of abstract examiners as title *C.E.C.s*
3 under the property and casualty category.

4 (5) Each licensed insurance agent who is an individual and holds a
5 life insurance license solely for the purpose of selling pre-need funeral
6 insurance or annuity products ~~shall file a report on or before such agent's~~
7 ~~biennial due date affirming that such agent transacted no other insurance~~
8 ~~business during the period covered by the report. Upon request of the~~
9 ~~commissioner, an agent shall provide certification from an officer of each~~
10 ~~insurance company which has appointed such agent that the agent~~
11 ~~transacted no other insurance business during the period covered by the~~
12 ~~report. Agents who have offered to sell or sold only pre-need funeral~~
13 ~~insurance are exempt from the requirement to obtain C.E.C.s; and whose~~
14 ~~report of compliance required by subsection (g) is accompanied by a~~
15 ~~certification from an officer of each insurance company represented by~~
16 ~~such agent certifying that such agent transacted no other insurance~~
17 ~~business during the period covered by the report shall biennially obtain a~~
18 ~~minimum of three C.E.C.s in courses certified as life or variable contracts~~
19 ~~for life, accident and health or variable contracts category which shall~~
20 ~~include at least two hours of instruction in insurance ethics.~~

21 (6) Each licensed insurance agent who is an individual and holds only
22 a bail bond qualification is exempt from the requirement to obtain C.E.C.s.

23 (d) On and after the effective date of this act, each individual
24 insurance agent who holds a license with both a property or casualty
25 qualification, or both, and a life, accident and health or variable contracts
26 qualification, or any combination thereof, and who earns C.E.C.s from
27 courses certified by the commissioner as qualifying for credit in any class,
28 may apply, at such insurance agent's option, such C.E.C.s toward either the
29 property or casualty continuing education requirement or to the life,
30 accident and health or variable contracts continuing education
31 requirement. However, no C.E.C. shall be applied to satisfy both the
32 biennial property or casualty requirement, or both, and the biennial
33 requirement for life, accident and health or variable contracts, or any
34 combination thereof.

35 (e) An instructor of an approved subject shall be entitled to the same
36 C.E.C. as a student completing the study.

37 (f) (1) An individual insurance agent who has been licensed for more
38 than one year, on or before such insurance agent's biennial due date, shall
39 file a report with the commissioner certifying that such insurance agent has
40 met the continuing education requirements for the previous biennium
41 ending on such insurance agent's biennial due date. Each individual
42 insurance agent shall maintain a record of all courses attended together
43 with a certificate of attendance for the remainder of the biennium in which

1 the courses were attended and the entire next succeeding biennium.

2 (2) If the required report showing proof of continuing education
3 completion is not received by the commissioner by the individual
4 insurance agent's biennial due date, such individual insurance agent's
5 qualification and each and every corresponding license shall be suspended
6 automatically for a period of 90 calendar days or until such time as the
7 producer satisfactorily demonstrates completion of the continuing
8 education requirement whichever is sooner. In addition the commissioner
9 shall assess a penalty of \$100 for each license suspended. If such insurance
10 agent fails to furnish to the commissioner the required proof of continuing
11 education completion and the monetary penalty within 90 calendar days of
12 such insurance agent's biennial due date, such individual insurance agent's
13 qualification and each and every corresponding license shall expire on
14 such insurance agent's biennial due date. If after more than three but less
15 than 12 months from the date the license expired, the insurance agent
16 wants to reinstate such insurance agent's license, such individual shall
17 provide the required proof of continuing education completion and pay a
18 reinstatement fee in the amount of \$100 for each license suspended. If
19 after more than 12 months from the date an insurance agent's license has
20 expired, such insurance agent wants to reinstate such insurance agent's
21 license, such individual shall apply for an insurance agent's license,
22 provide the required proof of continuing education completion and pay a
23 reinstatement fee in the amount of \$100 for each license suspended. Upon
24 receipt of a written application from such insurance agent claiming
25 extreme hardship, the commissioner may waive any penalty imposed
26 under this subsection.

27 (3) On and after the effective date of this act, any applicant for an
28 individual insurance agent's license who previously held a license which
29 expires on or after June 30, 2001, because of failure to meet continuing
30 education requirements and who seeks to be relicensed shall provide
31 evidence that appropriate C.E.C.s have been completed for the prior
32 biennium.

33 (4) Upon receipt of a written application from an individual insurance
34 agent, the commissioner, in cases involving medical hardship or military
35 service, may extend the time within which to fulfill the minimum
36 continuing educational requirements for a period of not to exceed 180
37 days.

38 (5) This section shall not apply to any inactive insurance agent during
39 the period of such inactivity. For the purposes of this paragraph, "inactive
40 period" or "period of inactivity" shall mean a continuous period of time of
41 not less than two years and not more than four years starting from the date
42 inactive status is granted by the commissioner. Before returning to active
43 status, such inactive insurance agent shall:

1 (A) File a report with the commissioner certifying that such agent has
2 met the continuing education requirement; and

3 (B) pay the renewal fee. If the required proof of continuing education
4 completion and the renewal fee is not furnished at the end of the inactive
5 period, such individual insurance agent's qualification and each and every
6 corresponding license shall expire at the end of the period of inactivity. For
7 issuance of a new license, the individual shall apply for a license and pass
8 the required examination.

9 (6) Any individual who allows such individual's insurance agent
10 license in this state and all other states in which such individual is licensed
11 as an insurance agent to expire for a period of four or more consecutive
12 years, shall apply for a new insurance agent license and pass the required
13 examination.

14 (g) (1) Each course, program of study, or subject shall be submitted to
15 and certified by the commissioner in order to qualify for purposes of
16 continuing education.

17 (2) Each request for certification of any course, program of study or
18 subject shall contain the following information:

19 (A) The name of *the* provider or provider organization;

20 (B) the title of such course, program of study or subject;

21 (C) the date the course, program of study or subject will be offered;

22 (D) the location where the course, program of study or subject will be
23 offered;

24 (E) an outline of each course, program of study or subject including a
25 schedule of times when such material will be presented;

26 (F) the names and qualifications of instructors;

27 (G) the number of C.E.C.s requested;

28 (H) a nonrefundable C.E.C. qualification fee in the amount of \$50 per
29 course, program of study or subject or \$250 per year for all courses,
30 programs of study or subjects submitted by a specific provider or provider
31 organization; and

32 (I) a nonrefundable annual provider fee of \$100.

33 (3) Upon receipt of such information, the commissioner shall grant or
34 deny certification of any submitted course, program of study or subject as
35 an approved subject, program of study or course and indicate the number
36 of C.E.C.s that will be recognized for each approved course, program of
37 study or subject. Each approved course, program of study or subject shall
38 be assigned by the commissioner to one or both of the following classes:

39 (A) Property and casualty; or

40 (B) life insurance, including annuity and variable contracts, and
41 accident and health insurance.

42 (4) Each course, program of study or subject shall have a value of at
43 least one C.E.C.

1 (5) Each provider seeking approval of a course, program of study or
2 subject for continuing education credit shall issue or cause to be issued to
3 each person who attends a course, program of study or subject offered by
4 such provider a certificate of attendance. The certificate shall be signed by
5 either the instructor who presents the course, program of study or course or
6 such provider's authorized representative. Each provider shall maintain a
7 list of all individuals who attend courses offered by such provider for
8 continuing education credit for the remainder of the biennium in which the
9 courses are offered and the entire next succeeding biennium.

10 The commissioner shall accept, without substantive review, any course,
11 program of study or subject submitted by a provider which has been
12 approved by the insurance supervisory authority of any other state or
13 territory accredited by the NAIC. The commissioner may disapprove any
14 individual instructor or provider who has been the subject of disciplinary
15 proceedings or who has otherwise failed to comply with any other state's
16 or territory's laws or regulations.

17 (6) The commissioner may grant or approve any specific course,
18 program of study or course that has appropriate merit, such as any course,
19 programs of study or course with broad national or regional recognition,
20 without receiving any request for certification. The fee prescribed by
21 paragraph (2) of subsection (g) shall not apply to any approval granted
22 pursuant to this provision.

23 (7) The C.E.C. value assigned to any course, program of study or
24 subject, other than a correspondence course, computer based training,
25 interactive internet study training or other course pursued by independent
26 study, shall in no way be contingent upon passage or satisfactory
27 completion of any examination given in connection with such course,
28 program of study or subject. The commissioner shall establish, by rules
29 and regulations criteria for determining acceptability of any method used
30 for verification of the completion of each stage of any computer based or
31 interactive internet study training. Completion of any computer based
32 training or interactive internet study training shall be verified in
33 accordance with a method approved by the commissioner.

34 (h) Upon request, the commissioner shall provide a list of all
35 approved continuing education courses currently available to the public.

36 (i) An individual insurance agent who independently studies an
37 insurance course, program of study or subject which is not an agent's
38 examination approved by the commissioner and who passes an
39 independently monitored examination, shall receive credit for the C.E.C.s
40 assigned by the commissioner as recognition for the approved subject. No
41 other credit shall be given for independent study.

42 (j) Any licensed individual insurance agent who is unable to comply
43 with license renewal procedures due to military service or some other

1 extenuating circumstances may request a waiver of those procedures from
2 the commissioner. Such agent may also request from the commissioner a
3 waiver of any examination requirement or any other fine or sanction
4 imposed for failure to comply with renewal procedures.

5 Sec. 2. K.S.A. 2013 Supp. 40-4903 is hereby repealed.

6 Sec. 3. This act shall take effect and be in force from and after its
7 publication in the statute book.

8